

Message Text

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ACTION EB-07

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2880

INFO AMEMBASSY LIMA

HQ 3AF RAF MILDENHALL

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PASS TREASURY ASSISTANT SECRETARY CARLOCK

E.O. 11652: N/A

TAGS: EFIN, MILI, UK, PE, MASS

SUBJ: ACCEPTANCE OF PERUVIAN SOLES FOR PAYMENT OF

INDEBTEDNESS TO U.S. AIR FORCE

1. COLONEL LEONARD G. HILLENBRANDT, DIRECTOR OF PLANS, DCS OPERATIONS, THIRD AIR FORCE, RAF MILDENHALL, SUFFOLK, U.K. TELEPHONED THE TREASURY OFFICE AT US EMBASSY, LONDON REQUESTING GUIDANCE ON THE FOLLOWING SITUATION ON WHICH HE FELT TREASURY COULD PROVIDE ASSISTANCE:

2. THE U.S. AIR FORCE IS ATTEMPTING TO OBTAIN PAYMENT FOR GOODS LOST (OR STOLEN) WHILE IN THE CARE OF INN STORAGE COMPANY WHICH WAS UNDER CONTRACT FOR STORAGE OF GOODS TO BE USED IN U.S. AIR FORCE COMMISSARIES IN THE UNITED KINGDOM. THE AMOUNT OF LOSS TOTALS APPROXIMATELY \$10,000.

3. IN ORDER TO AVOID COURT ACTION, THE U.K. PARENT HOLDING COMPANY OF INN STORAGE, CHRISTIAN SALVESEN, HAS OFFERED SETTLEMENT IF THE AIR FORCE IS WILLING TO ACCEPT PAYMENT IN PERUVIAN SOLES (\$10,000 EQUIVALENT) RATHER THAN PAYMENT IN U.S. DOLLARS OR POUNDS STERLING.

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4. TREASURY INVOLVEMENT, ACCORDING TO COL. HILLEBRANDT, IS THAT HIS REGULATIONS STATE THAT SUCH FOREIGN CURRENCY PAYMENT MAY BE ACCEPTED AS LONG AS IT IS ACCEPTABLE FOR DEPOSIT TO U.S. TREASURY ACCOUNTS.

5. IN CHECKING WITH THE BANK OF ENGLAND REGARDING PAYMENT IN FOREIGN CURRENCY BY A U.K. RESIDENT COMPANY TO A NON-RESIDENT, WE ARE TOLD THAT SUCH PAYMENT IS ACCEPTABLE UNDER U.K. FOREIGN EXCHANGE CONTROL REGULATIONS. THE BANK OF ENGLAND FURTHER STATES THAT SUCH "THIRD COUNTRY" CURRENCY PAYMENTS ARE OFTEN MADE DUE TO STERLING LIQUIDITY ARRANGEMENTS AND/OR PROBLEMS OF U.K. COMPANIES WHEN DEALING WITH NON-RESIDENTS (E.G., SUCH TRANSACTIONS ARE NOT OUT OF THE ORDINARY). PAYMENT WOULD BE MADE BY CHECK DRAWN IN PERUVIAN SOLES IN THE EQUIVALENT AMOUNT OF APPROXIMATELY \$10,000. CHECK WOULD BE ISSUED FROM CHRISTIAN SALVESEN, (THE UK PARENT HOLDING COMPANY) DRAWN ON BANK OF LONDON AND SOUTH AMERICA, JRION AUGUSTO, NORTH WIDSE 442, LIMA, PERU, ACCOUNT NUMBER 7054.

6. ACTION REQUEST: PLEASE ADVISE ACCEPTABILITY OF PAYMENT IN PERUVIAN SOLES FOR DEPOSIT TO U.S. TREASURY ACCOUNT AND NAME OF U.S. TREASURY CONTACT TO BE PROVIDED TO COL. HILLEBRANDT FOR FURTHER INFORMATION OR ADVICE.

RICHARDSON

UNQUOTE.

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